Building Home Businesses in Rural Communities

Abstract

Estimates of home-based workers vary from eight percent to 23% of the United States workforce, depending on the criteria used to define home-based workers in each analysis. In fact, we really don't know how many people work at home, what product or service they offer, or what effects the home-based work has on home, family, and community. We do know that the number of home-based workers is on the rise.

For many years, Extension has recognized home-based business as a priority program. It's currently part of the Revitalizing Rural America National Initiative. However, without baseline "who, what, where" information about home-based work, the perspective and content of educational programs may be inappropriate. This article presents general information from two regional studies about the types and prevalence of home-based work and its impact on communities and Extension programming.

What Is Home-Based Work?

Continuum

Four dimensions provide a general understanding of home-based work. The relationship of the workers to their clients, the first dimension, can be described on a continuum. At one end are employees of an organization permitted to work at home. At the opposite end are the self-employed or businessowners. Independent contractors are in the middle of the continuum. They sell their products or services to clients.

Where Work Done

The second dimension of home work establishes where the actual work is done. Definitions used in previous research include working at home at least eight hours a week as part of one's regular work.
one's job, or any income-producing activity done at home—Independent of or part of an away-from-home job.

Motivation

The third dimension is the motivation for working at home. For the family-oriented workers, home-based work is viewed as a perfect compromise for parents who want to be with their young children. Families who need a temporary or permanent income to meet current expenses and can't afford child care or commuting expenses form another group of home-based workers. Other workers may want to change a hobby into a business or work at home during the start-up phase of a small business. Some of these workers intend to grow and may eventually move the business away from the home.

Commitment

The final dimension is the commitment to home-based work. A home-based worker can work part-time or full-time, in addition to or in place of other employment, and intermittently or regularly over a period of years, seasons, or trends. Each type of home-based work requires different time, energy, and resource commitments.

Studying Home-Based Workers

In Spring 1988, eight states (Iowa, Michigan, Missouri, New York, Ohio, Pennsylvania, Utah, Vermont) participated in a pilot study to establish the incidence of home-based businesses in their states. Criteria used to identify home-based workers were:

1. Worked at home at least six hours a week in the last year.
2. Worked at least 312 hours, that is, six hours per week for 52 weeks.
3. Was in business for at least the previous 12 months.
4. Either added value to or sold farm products at retail markets.

The estimated home-based business incidence rate for the eight states as a group was 7.2%. The 78 home-based workers in the sample were more likely to be male than female (58% to 35%) and five percent were husband-and-wife teams. Half of the sample had worked less than five years and 17% had worked more than 21 years at the home-based work. The respondents lived in the following communities: on farms (15%), in rural nonfarm areas (32.5%), in towns under 2,500 (17.5%), in towns of 2,500-10,000 (22.5%), and in cities over 10,000 (12.5%).

In September 1988, a random sample was drawn from New York, Pennsylvania, and Vermont Extension workshop lists of probable home-based workers. Ninety-nine people, about equal numbers from each state, agreed to participate in a survey. Of the 85 surveys returned, 81 were analyzed—59 female and 22 male home-based workers.

Pros and Cons of Home-Based Work

Consistent with research, the home-based workers cited personal, family, and professional tradeoffs of working at home. Having more independence, being able to care for family, and working at one's own pace accounted for 63% of the most important advantages mentioned. Being unable to get away from work, earning too little money, and having many interruptions were cited by 58% of the workers as the greatest disadvantages of working at home. We can conclude from these data that the combined family and business needs of home-based workers create conflicts.

Implications for Extension

The number and diversity of home-based businesses, their community orientation, and their contributions to rural economic environments warrant Extension resources and programming. But home-based work isn't for everyone nor is it without tradeoffs. Extension programming should inform audiences about opportunities and limitations of home-based work and encourage them to make decisions appropriate to their situations. We suggest four strategies:

1. Provide research-based information about home-based work, including types of existing home businesses and realistic income expectations. Encourage innovative business ideas complementing the workers' own experiences.
2. Identify and discuss the stresses and compromises required by working at home due to the fuzzy or absent boundaries between home, family, and work. Programs should examine impacts on work and household satisfaction such as disruptions, off-hour time requirements, personal relationships with family, and self-discipline prerequisites.
3. Encourage community-based business orientation. Christensen's book, Women and Home-Based Work,
suggests that marketing strategies successful in the corporate world aren't always appropriate for home-based businesses. Our findings show the marketing and sales orientations to be community-focused. Extension programming should emphasize this community perspective, though not necessarily to the exclusion of broader-based strategies.

4. Serve as a clearinghouse for information about home-based work and workers. Home-based workers are often isolated from information and others with whom they could discuss home-based work issues. Existing newsletters and other support organizations provide a forum for discussions. Extension could formalize these clearinghouse functions for all types of home-based workers by gathering and disseminating accurate information in publications and workshops. This could be done in conjunction with the already established state Small Business Development Centers, Chambers of Commerce, and other agencies providing information and services to home-based workers.

Summary

Home-based work takes many forms and exists in rural and urban communities. Extension programming can encourage and provide information about realistic expectations, potential home and family rewards and conflicts, community orientation of sales and marketing, and groups for support and social networking.

Footnotes

2. Margaret Ambry, "At Home in the Office," American Demographics, X (No. 12, 1988); 30-33, 61.
5. Pratt, "Methodological Problems."

Extension and Home-Based Businesses

Editor's Note: Extension has a long and distinguished history of working with the original home-based business - the family farm. Now other kinds of home-based businesses are becoming increasingly important in both rural and urban economies. Some futurists predict that working from home will be the norm rather than the exception in the future. Certainly the increase in home-based businesses is a major trend.

This special section of the Journal features four articles on home-based businesses showing how Extension is responding to this trend as part of issues-based programming on the rural revitalization National Initiative.
benefits and proven strategies that facilitate asset building among employees. Affordable car programs. Example: Ways to Work.